

EXHIBIT

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DECISION MEMORANDUM FOR ACTING CHIEF

THROUGH: Thomas W. Christensen *Thomas W. Christensen* 3/28/2018
Deputy Chief Operations Officer, Farm Production and Conservation
and Associate Chief for Operations
Natural Resources Conservation Service

FROM: Stephen Schaefer *Stephen Schaefer* MAR 27 2018
Chief Property and Procurement Officer
Natural Resources Conservation Service

SUBJECT: Natural Resources Conservation Service (NRCS) Local and Programmatic
Support Services (LAPSS) Indefinite Delivery Indefinite Quantity (IDIQ)
Contract Re-Solicitation

ISSUE/RECOMMENDATION:

Two of the four existing NRCS regional LAPSS IDIQ contracts are nearing their maximum order value of \$10 million. This memorandum provides the business case and options for re-solicitation of LAPSS services prior to these two contracts reaching their maximum ordering value, and to prevent gaps in required services.

Approve Option 3. This option should yield the lowest overall cost, affords easier access to more localized small business vendors, and will reduce the workload of the Chief Procurement and Property's contracting services branch (CSB). It is supported by the Regional Conservationists.

OPTIONS:

It is recommended that the current LAPSS contracts be re-solicited as they are monetarily depleted or reach the end of their current period of performance (whichever comes first). They would then be re-solicited utilizing one of three acquisition plans: 1) Regional, 2) National, or 3) State. The following options are proposed:

Option 1: Regional (Current) - Re-solicit those contracts that are nearing full liquidation of their obligation, and allow those contracts that have remaining obligations to complete their current period of performance or until their funding is liquidated.

Pros:

- This action is the current model, so all stakeholders are familiar with utilizing its structures and constraints

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- Contracts are regionally managed, Regional Conservationists have direct oversight, and can allocate contract funding levels accordingly
- Services are standardized, so all States within the region receive comparable services
- Services can be structured to meet the needs of the region

Cons:

- It is the second highest cost option; awarding four regional contracts is not as expensive as awarding one national contract, but would be more expensive than awarding multiple state contracts
- States may not get the services they actually need as States' needs differ across the region
- Awarding to large vendors negatively impacts NRCS' Small Business Utilization Goals set by the Department
- It places an undue workload burden on CSB as previously described

Option 2: Solicit and award one national LAPSS Contract.

Pros:

- Contracts would be nationally managed, and national leaders have direct oversight and can allocate contract funding levels accordingly
- Services are standardized, so all States within NRCS receive comparable services

Cons:

- It is the most expensive option; a single contract award would need to go to a vendor that is large enough to provide services across the Nation, and market research indicates that this is more expensive than the current regional model
- States may not get the services they actually need, as States' requirements differ vastly across the Nation
- Award to a large vendor negatively impacts NRCS' Small Business Utilization Goals set by the Department
- It places an undue workload burden on CSB as previously described.

Option 3: Solicit and award multiple LAPSS contracts by State.

Pros:

- This option is the least expensive since contracts would be awarded to small business vendors with less overhead to pass on to the Government
- It would allow NRCS to solicit for support services that are standardized for all States
- It assists NRCS in meeting/exceeding the Department's Small Business Utilization Goals, as this option would result in multiple awards to small businesses
- It reduces the workload for CSB by eliminating the need to dedicate a full time Contracting Officer (CO) to the management of a four regional or one national

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contract, as it potentially generates a smaller number of proposals to evaluate for award

- Positions allowed will come from a standardized, approved menu; no positions will be allowed that conflict with or take on any roles/responsibilities of the Farm Production and Conservation Business Center.

Cons:

- In this model, CO Representative assistance provided to the CO could sway from matching the intended centrally-managed service model; this service would be mitigated by requiring final approval of services by the applicable CO and the Regional Conservationist

BACKGROUND:

NRCS solicited LAPSS services and awarded four regional IDIQ contracts in April, 2017, as follows:

AG-SPEC-17-0013 – CSB Region 1 (Northeast)
AG-SPEC-17-0014 – CSB Region 2 (Southeast)
AG-SPEC-17-0015 – CSB Region 3 (Central)
AG-SPEC-17-0016 – CSB Region 4 (West)

Each IDIQ contract was awarded with a \$2 million ceiling price for all IDIQ Task Orders (TO), per option period (i.e., one base period plus four option periods), with a total value of \$10 million; however, the utilization of these contracts has been unbalanced across the four geographic areas, resulting in the early exercising of option years, which will cause two of the contracts (i.e., AG-SPEC-17-0014 and AG-SPEC-17-0015 (Southeast and Central)) to expire monetarily. Refer to Attachment 1 for a detailed breakdown of expenditures by region and State.

Challenges associated with the current regional awards of the LAPSS contracts since April 2017 indicate that pursuing a national or regional re-solicitation model for these services may not be in the best business interest of NRCS. The primary challenge arises from the inability to accurately predict and allocate funds for the fluctuating needs of each State that arise from unexpected events such as local and State disasters. The following are additional challenges brought forth by national or regional IDIQs:

- **They have proven to be more expensive than a State-based model.** There are two identifiable causes. First, vendors competing for the award on a national or regional level have to be large enough to provide services across the Nation or multiple States, which means they have a larger overhead that gets passed on to the Federal Government in higher contract costs. In a State-based model, awards can go to small business, with an inherently smaller overhead, which results in lower prices for NRCS. Secondly, in the current model, it has been found that States that have been allocated a cap on funds often

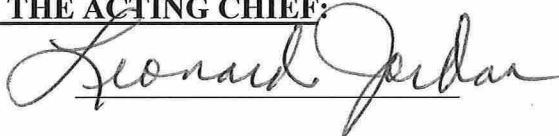
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feel the need to spend all funds under the “use or lose” mind set, which has resulted in spending at higher levels than they did in previous years.

- **States may not be getting the services they really need.** The LAPSS contracts are structured to provide the States with clerical support in a one size fits all model. However, feedback from the States indicates there is also a need for program support specialist positions where provided services are more technical in nature – such as work on Farm Bill related tasks. These needs vary from State to State and the current regional award model does not allow for this level of customization.
- **NRCS’ meeting of Departmental Small Business Utilization Goals may be compromised.** The Department has set Small Business Utilization Goals for each agency, with a goal of 65 percent utilization for NRCS. While NRCS is very close to meeting that goal, the agency is significantly behind in several subcategories such as the Certified HUBZone and Woman Owned Small Businesses. The LAPSS regional contracts necessitated the need to award to a large vendor as the prime contractor that uses small business vendors as subcontractors; however, Small Business Goaling is measured based on prime contracting dollars obligated.
- **CSB experiences a heavier workload.** Nationally and regionally managed contracts require a CO to be assigned full time to manage the contracts, thus depleting resources away from the other critical contracting actions managed by the CSB. The current regionally-based LAPSS contracts had over 300 proposals to be evaluated by the assigned CO. Because State-based awards are smaller, they would tend to attract less vendor proposals, making it possible to assign the evaluations to multiple COs.

DECISION BY THE ACTING CHIEF:

Approve



Disapprove

Discuss with me

Date

3/30/2018

Attachment

ATTACHMENT – LAPSS CONTRACT EXPENDITURES BY REGION

AG-SPEC-C-17-0013 Region 1 LAPPS IDIQ

State	RC Allocation	Award Amount	Difference from RC Allocation	POP	TO Number
CT	unknown	\$ 60,652.80	\$ -	7/17/17 - 7/17/18	AG-1A23-D-17-0068
HQR	unknown	\$ 183,346.16	\$ -	8/7/17 - 9/14/18	AG-1A23-D-17-0093
HQR	unknown	\$ 180,519.84	\$ -	8/25/17 - 9/15/18	AG-1A23-D-17-0109
IN	unknown	\$ 79,161.60	\$ -	7/10/17 - 7/31/18	AG-1A23-D-17-0073
IN	unknown	\$ 49,415.81	\$ -	8/29/17 - 9/17/18	AG-1A23-D-17-0120
IN	unknown	\$ 56,866.67	\$ -	8/30/17 - 9/17/18	AG-1A23-D-17-0122
IN	unknown	\$ 114,190.57	\$ -	9/6/17 - 9/15/18	AG-1A23-D-17-0118
Sum	\$ 10,000,000.00	\$ 724,153.45	Balance Remaining:	\$ 9,275,846.55	

AG-SPEC-C-17-0014 Region 2 LAPPS IDIQ

State	RC Allocation	Award Amount	Difference from RC Allocation	POP	TO Number
AL	\$ 120,000.00	\$ 160,651.04	\$ (40,651.04)	9/8/17 - 10/1/18	AG-2B46-D-17-0113
AR	\$ 2,892,000.00	\$ 2,885,710.40	\$ 6,289.60	9/27/17 - 6/30/19	AG-2B46-D-17-0136
KY	\$ 1,304,000.00	\$ 863,016.32	\$ 440,983.68	9/7/17 - 9/30/20	AG-2B46-D-17-0120
MO	\$ 726,000.00	\$ 727,504.28	\$ (1,504.28)	9/22/17 - 10/1/18	AG-2B46-D-17-0152
MS	\$ 2,632,000.00	\$ 1,762,940.88	\$ 869,059.12	9/6/17 - 10/1/18	AG-2B46-D-17-0099
SC	\$ 214,000.00	\$ 128,408.16	\$ 85,591.84	9/19/17 - 10/1/18	AG-2B46-D-17-0139
TN	\$ 1,722,000.00	\$ 1,691,383.04	\$ 30,616.96	9/20/17 - 10/1/19	AG-2B46-D-17-0115
VA	\$ 90,000.00	\$ 109,699.52	\$ (19,699.52)	9/12/17 - 10/1/18	AG-2B46-D-17-0117
WV	\$ 300,000.00	\$ 379,943.38	\$ (79,943.38)	9/11/17 - 10/1/18	AG-2B46-D-17-0116
FL	\$ 215,000.00	\$ 190,582.56	\$ 24,417.44	9/22/17 - 10/1/19	AG-2B46-D-17-0151

GA	\$ 215,000.00	\$ 99,318.96	\$ 115,681.04	9/27/17 - 10/1/18	AG-2B46-D-17-0161
Sum	\$ 10,430,000.00	\$ 8,999,158.54	Balance Remaining:	\$ 1,000,841.46	

AG-SPEC-C-17-0015 Region 3 LAPPS IDIQ

State	RC Allocation	Award Amount	Difference from RC Allocation	POP	TO Number
IA	\$ -	\$ -	\$ -	No Award issued	No Award Issued
IL	\$ 175,000.00	\$ 171,944.04	\$ 3,055.96	9/1/17 - 8/31/18	AG-3C78-D-17-0141
KS	\$ 848,000.00	\$ 436,852.28	\$ 411,147.72	7/1/17 - 6/30/18	AG-3C78-D-17-0098
MN	\$ 4,312,670.00	\$ 3,822,834.98	\$ 489,835.02	9/29/17 - 9/28/18	AG-3C78-D-17-0228
ND	\$ 1,139,448.00	\$ 1,600,979.41	\$ (75,089.25)	8/1/17 - 7/31/17	AG-3C78-D-17-0121
NE	\$ 694,000.00	\$ 498,800.84	\$ 195,199.16	9/1/17 - 8/31/18	AG-3C78-D-17-0122
OK	\$ 385,882.00	\$ 396,616.59	\$ 95,292.88	9/1/17 - 8/31/18	AG-3C78-K-16-0149
SD	\$ 2,200,000.00	\$ 713,165.44	\$ 83,448.24	6/1/17 - 5/31/18	AG-3C78-D-17-0095
SD	-	\$ 1,403,386.32	-	9/29/17 - 9/28/18	AG-3C78-D-17-0224
WI	\$ 245,000.00	\$ 240,679.68	\$ 4,320.32	9/1/17 - 8/31/18	AG-3C78-D-17-0125
Sum	\$ 10,000,000.00	\$ 9,285,259.58	Balance Remaining:	\$ 714,740.42	

AG-SPEC-C-17-0016 Region 4 LAPPS IDIQ

State	RC Allocation	Award Amount	Difference from RC Allocation	POP	TO Number
WY	unknown	\$ 267,574.64	\$ -	8/16/17 - 8/31/18	AG-4D90-D-17-0106
OR	unknown	\$ 386,850.08	\$ -	8/23/17 - 9/10/22	AG-4D90-D-17-0114
MT	unknown	\$ 441,744.00	\$ -	9/6/17 - 4/5/22	AG-4D90-D-17-0142
OR	unknown	\$ 54,451.44	\$ -	9/26/17 - 9/29/18	AG-4D90-D-17-0179

OR	unknown	\$ 61,838.40	\$ -	11/20/17 - 11/30/18	124D9018F0013
UT	unknown	\$ 117,186.08	\$ -	9/28/17 - 9/29/18	AG-4D90-D-17-0192
TX	unknown	\$ 546,710.80	\$ -	9/28/17 - 9/30/22	AG-4D90-D-17-0194
HI	unknown	\$ 191,978.64	\$ -	9/29/17 - 9/29/18	AG-4D90-D-17-0177
Sum	\$ 10,000,000.00	\$ 2,068,334.08	Balance Remaining:	\$ 7,931,665.92	